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Consumer Price Index

A release from the Province of British Columbia's central statistical agency

REFERENCE DATE: FEBRUARY 2015

CONSUMER PRICE INDEX (2002=100)

HIGHLIGHTS

For the second month in a row British Columbia's consumer price index (CPI) climbed 0.8% (*unadjusted*) in February, compared to the same month of the previous year.

According to Statistics Canada the overall inflation rate of 0.8% increased to 1.2% when energy was excluded from the index, and declined to 0.3% when food was excluded.

Food prices rose 3.3% in February, as the cost of both groceries purchased from stores (+3.8%) and meals purchased from restaurants (+2.5%) increased. The increase in grocery prices was mainly due to a sharp rise in the cost of fresh fruit (+4.8%) and vegetables (+11.4%), and meat (+9.7%).

The cost of shelter (+0.4%) rose slightly in February, with costs for renters increasing (+1.2%) while the cost of owned accommodations edged down (-0.6%). Within the shelter category, the cost of electricity increased (+8.8%) over February 2014, while the price of fuel oil and other fuel decreased (-19.6%) in the same time period.

The transportation index (-2.1%) declined in February. The cost of public transportation (+2.4%) increased, while motorists spent less on private transportation (-2.9%) due mainly to a sharp decline in gas prices (-13.5%).

Compared to a year ago, consumers paid slightly more for household operations and furnishings (+1.2%), health & personal care (+0.6%), and recreation, education & reading (+1.2%). The cost of alcoholic beverages declined (-1.2%), while the cost of tobacco products (+10.0%) increased sharply. While the overall cost of clothing & footwear (+1.6%) increased in February, men's (-1.3%) and children's (-6.1) went down in price, whereas the cost of women's clothing increased (+4.2%)

Consumer prices rose in both Vancouver (+0.9%) and Victoria (+0.8%) in February, both very close to the rate of inflation for the province of British Columbia.

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Canada's CPI rose 1.0% (*unadjusted*) in February. Provincial inflation rates ranged from a high of 1.3% in Ontario, to a low of -1.5% Prince Edward Island. By region, all four Atlantic provinces experienced declining prices, while prices increased in central and western Canada.

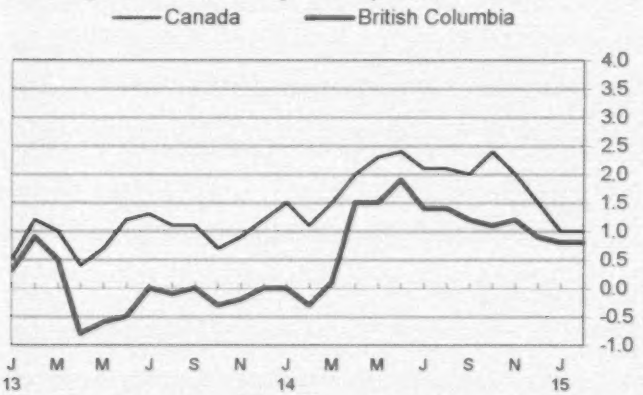
Note: Statistics Canada will release the March Consumer Price Index on April 17, 2015.

2002=100	All-Items Index	% Change from	
	February 2015	January 2015	February 2014
Canada	125.4	0.9	1.0
BC	118.9	0.8	0.8
Vancouver	120.6	0.8	0.9
Victoria	117.4	0.6	0.8
Core Canada[1]	124.7	0.6	2.1
BC (excluding energy)	116.7	0.4	1.2

[1] The Core CPI for Canada: Defined by the Bank of Canada as the All-items index excluding the eight most volatile components (fruit, vegetables, gasoline, fuel oil, natural gas, mortgage interest, inter-city transportation and tobacco products). Also excluded is the effect of changes in indirect taxes on the remaining components.

BC AND CANADA INFLATION TREND

(% change, same month of previous year)



2002=100	Latest 12-month Average Index (ending in February 2015)	Latest 12-month Average % Change	2014 Annual Average % Change
Canada	125.4	1.9	2.0
BC	119.1	1.1	1.0
Vancouver	120.7	1.3	1.1
Victoria	117.5	1.1	0.9

TERMS AND DEFINITIONS

BASE EFFECT

The 12-month variation in the CPI is calculated by comparing the current month's index with the index for the same month of the previous year. The 12-month change is represented by the difference in the indexes of the reference months. Thus, the 12-month variation can decrease from one month to the next merely because the base serving as the point of comparison increased.

Source: Statistics Canada

TWELVE-MONTH PERCENT CHANGES

Also referred to as "year-over-year", twelve-month percent changes compare indexes for a given month to indexes for the same month of the previous year. As they compare two points in time, they are influenced by unusual or temporary events that can affect either of the two months. Their calculation does not include any of the intervening monthly indexes.

Source: Statistics Canada

ANNUAL AVERAGE INDEX

Annual average indexes are calculated by averaging index levels over the 12 months of the calendar year. These data should not be confused with the 12-month change in the CPI. By the nature of the calculation, averaging indexes over the calendar year gives a better representation of price behaviour over the whole year and is closer to the concept of an average price. The use of annual averages is considered the preferred option for indexation purposes.

Source: Statistics Canada

LATEST TWELVE-MONTH AVERAGE INDEX

The latest twelve-month average index (ending in the current month) is a 12-month moving average of the indexes of the most recent 12 months. It is calculated like the annual average index. Hence, in theory, the December twelve-month average index would be equal to the annual average index for the calendar year. However, in practice, when BC Stats makes these calculations from published data, the December 12-month average index may differ from Statistics Canada's published annual average index due to rounding.

Source: Statistics Canada

HARMONIZED SALES TAX

On July 1, 2010, the Harmonized Sales Tax (HST) came into effect in British Columbia and Ontario. As well, Nova Scotia increased its HST by two percentage points.

On April 1, 2013, the Harmonized Sales Tax came into effect in Prince Edward Island, while British Columbia returned to the Provincial Sales Tax and the Goods and Services Tax.

Source: Statistics Canada

ADDITIONAL INFORMATION

More information about the concepts and use of the CPI is available online in the Statistics Canada publication Your Guide to the Consumer Price Index (catalogue 62-557-XIB)

With the release of the May 2011 CPI, Statistics Canada has updated the basket of goods & services used in the calculation of the Index. Learn more

Prepared by: BC Stats, March 2015